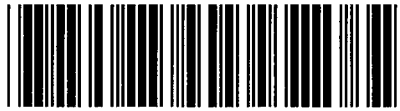


Control Number: 51812



Item Number: 173

Addendum StartPage: 0

From: Fossum, Drew

Sent: Monday, March 15, 2021 12:57 PM

To: D'Andrea, Arthur <arthur.dandrea@puc.texas.gov>; thomas.gleeson@puc.texas.gov

Cc: Crouse, Jerry <jcrouse@TENASKA.com>; Smith, Kevin <KSmith@tnsk.com>

Subject: ERCOT Repricing: QSE credit risk issue

RECEIVED

2021 MAR 15 PM 1:41
PUBLIC UTILITY COMMISSION
FILING CLERK

Chairman D'Andrea and Executive Director Gleeson,

I wanted to update you on an issue that we have previously made the Commission aware of related to possible repricing of the ERCOT energy market. Simply put, if the ERCOT energy market is repriced for Feb. 18-19 consistent with the recommendations of the ERCOT Independent Market Monitor, there is a risk that ERCOT will be unable to recover a significant portion of the recoupment from QSEs that will be necessary to permit ERCOT to in turn pass that money through to load serving entities, and then consumers. Tenaska has drafted an amendment for inclusion Senate Bill 2142 that would address that risk (attached). The amendment would direct QSEs to hold back from payments to the QSE's customers an amount corresponding to the repayments to ERCOT that would be required if repricing were ordered. Additionally, for those QSEs that have already paid their customers for that period, the proposed language would permit the QSE to assign to ERCOT the QSE's rights recoup the money from their Customers and step out of the middleman role. We wanted you to be aware of the proposed amendment and, if asked about it by legislators or staff, hopefully be in a position to support or at least not oppose the amendment. Additionally, we believe the PUCT has the authority to direct QSEs to take action to assure the appropriate amount of money will be available for recoupment by ERCOT if the legislature mandates repricing. Accordingly, we ask that the PUC promptly direct QSEs to take appropriate steps to assure that money will be available for recoupment by ERCOT, in the event the legislature directs repricing. We would appreciate the opportunity to discuss this proposed action with you at your convenience.

We will file this email in the public record in Project No. 51812. Thanks for consideration of this matter.

Amendment No. _____ by _____

Amend _____ (senate committee report) by inserting the following appropriately numbered section and renumbering subsequent sections and cross-references to those sections accordingly:

SECTION __. Chapter 39?, Utilities Code, is amended by adding Section 39.____ to read as follows:

Sec. 39. REPRICING EVENT. (a) Any Qualified Scheduling Entity ("QSE") shall withhold payment to its customers of any amount that the QSE determines, in good faith based on the recommendation of the ERCOT Independent Market Monitor, would be subject to recoupment by the QSE from its customer if any retroactive repricing of the ERCOT energy market was imposed for any part of the period from February 18 through February 19, 2021 ("Repricing Event"). Such withheld amount shall be maintained by the QSE in a segregated account, for the benefit of the QSE customer, or ERCOT, as ultimately determined after a final decision on a Repricing Event is made.

(b) Upon any Repricing Event, any QSE that owes a resettlement to ERCOT for energy delivered by a market participant customer and has a recoupment right as against such customer for such resettlement shall have the right but not the obligation to assign such recoupment right to ERCOT.

(c) Upon a QSE's assignment of such recoupment right, the QSE shall be released and discharged from any obligation to ERCOT to pay such resettlement amount for the energy delivered by such market participant customer.